
SENATE BILL 5782

State of Washington

59th Legislature

2005 Regular Session

By Senators Shin, Prentice, Franklin, Kline, Kohl-Welles and Berkey;
by request of Governor Gregoire

Read first time 02/07/2005. Referred to Committee on International
Trade & Economic Development.

1 AN ACT Relating to the linked deposit program; amending RCW
2 43.86A.030, 43.86A.060, 39.19.240, and 43.63A.690; adding a new section
3 to chapter 43.86A RCW; creating a new section; and repealing RCW
4 43.131.381 and 43.131.382.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature intends that funds provided
7 under the linked deposit program shall be used to create jobs and
8 economic opportunity as well as to remedy the problem of a lack of
9 access to capital by minority and women's business enterprises.

10 **Sec. 2.** RCW 43.86A.030 and 1993 c 512 s 33 are each amended to
11 read as follows:

12 (1) Funds held in public depositaries not as demand deposits as
13 provided in RCW 43.86A.020 and 43.86A.030, shall be available for a
14 time certificate of deposit investment program according to the
15 following formula: The state treasurer shall apportion to all
16 participating depositaries an amount equal to five percent of the three
17 year average mean of general state revenues as certified in accordance
18 with Article VIII, section 1(b) of the state Constitution, or fifty

1 percent of the total surplus treasury investment availability,
2 whichever is less. Within thirty days after certification, those funds
3 determined to be available according to this formula for the time
4 certificate of deposit investment program shall be deposited in
5 qualified public depositories. These deposits shall be allocated among
6 the participating depositories on a basis to be determined by the state
7 treasurer.

8 (2) The state treasurer may use up to (~~(fifty)~~) one hundred million
9 dollars per year of all funds available under this section for the
10 purposes of RCW 43.86A.060. The amounts made available to these public
11 depositories shall be equal to the amounts of outstanding loans made
12 under RCW 43.86A.060.

13 (3) The formula so devised shall be a matter of public record
14 giving consideration to, but not limited to deposits, assets, loans,
15 capital structure, investments or some combination of these factors.
16 However, if in the judgment of the state treasurer the amount of
17 allocation for certificates of deposit as determined by this section
18 will impair the cash flow needs of the state treasury, the state
19 treasurer may adjust the amount of the allocation accordingly.

20 **Sec. 3.** RCW 43.86A.060 and 2002 c 305 s 1 are each amended to read
21 as follows:

22 (1) The state treasurer shall establish a linked deposit program
23 for investment of deposits in qualified public depositories. As a
24 condition of participating in the program, qualified public
25 depositories must make qualifying loans as provided in this section.
26 The state treasurer may purchase a certificate of deposit that is equal
27 to the amount of the qualifying loan made by the qualified public
28 depository or may purchase a certificate of deposit that is equal to
29 the aggregate amount of two or more qualifying loans made by one or
30 more qualified public depositories.

31 (2) Qualifying loans made under this section are those:

32 (a) Having terms that do not exceed ten years;

33 (b) Where an individual loan does not exceed one million dollars;

34 (c) That are made to a minority or women's business enterprise that
35 has received state certification under chapter 39.19 RCW;

36 (~~(+e)~~) (d) Where the interest rate on the loan to the minority or
37 women's business enterprise does not exceed an interest rate that is

1 two hundred basis points below the interest rate the qualified public
2 depository would charge for a loan for a similar purpose and a similar
3 term; and

4 ~~((d))~~ (e) Where the points or fees charged at loan closing do not
5 exceed one percent of the loan amount.

6 (3) In setting interest rates of time certificate of deposits, the
7 state treasurer shall offer rates so that a two hundred basis point
8 preference will be given to the qualified public depository. In no
9 case shall the state treasurer give a preference where the effective
10 interest rates on the time certificate of deposit are less than two
11 percent.

12 (4) Upon notification by the state treasurer that a minority or
13 women's business enterprise is no longer certified under chapter 39.19
14 RCW, the qualified public depository shall reduce the amount of
15 qualifying loans by the outstanding balance of the loan made under this
16 section to the minority or women's business enterprise.

17 NEW SECTION. Sec. 4. A new section is added to chapter 43.86A RCW
18 to read as follows:

19 Public depositories participating in the linked deposit program are
20 encouraged to increase the funds available to certified minority and
21 women's business enterprises by taking full advantage of the linked
22 deposit program loans to qualify for the community reinvestment act
23 community programs under federal law (12 U.S.C.S. Sec. 2901 et seq.).

24 **Sec. 5.** RCW 39.19.240 and 2002 c 305 s 2 are each amended to read
25 as follows:

26 (1) The office shall, in consultation with the state treasurer and
27 the department of community, trade, and economic development, compile
28 information on minority and women's business enterprises that have
29 received financial assistance through a qualified public depository
30 under the provisions of RCW 43.86A.060. The information shall include,
31 but is not limited to:

32 (a) Name of the qualified public depository;

33 (b) Geographic location of the minority or women's business
34 enterprise;

35 (c) Name of the minority or women's business enterprise;

1 (d) Date of last certification by the office and certification
2 number;

3 (e) Type of business;

4 (f) Amount and term of the loan to the minority or women's business
5 enterprise; and

6 (g) Other information the office deems necessary for the
7 implementation of this section.

8 (2) The office shall notify the state treasurer of minority or
9 women's business enterprises that are no longer certified under the
10 provisions of this chapter. The written notification shall contain
11 information regarding the reason for the decertification and
12 information on financing provided to the minority or women's business
13 enterprise under RCW 43.86A.060.

14 (3) The office shall, in consultation with the state treasurer and
15 the department of community, trade, and economic development, monitor
16 the performance of loans made to minority and women-owned business
17 enterprises under RCW 43.86A.060.

18 **Sec. 6.** RCW 43.63A.690 and 2002 c 305 s 3 are each amended to read
19 as follows:

20 (1) The department shall provide technical assistance and loan
21 packaging services that enable minority and women-owned business
22 enterprises to obtain financing under the linked deposit program
23 created under RCW 43.86A.060.

24 ~~(2) ((The department shall, in consultation with the state~~
25 ~~treasurer and office of minority and women's business enterprises,~~
26 ~~monitor the performance of loans made to minority and women-owned~~
27 ~~business enterprises under RCW 43.86A.060.~~

28 ~~(3))~~ The department, in consultation with the office of minority
29 and women's business enterprises, shall develop indicators to measure
30 the performance of the linked deposit program in the areas of job
31 creation or retention and providing access to capital to minority or
32 women's business enterprises.

33 NEW SECTION. **Sec. 7.** The following acts or parts of acts are each
34 repealed:

35 (1) RCW 43.131.381 (Linked deposit program--Termination) and 2002
36 c 305 s 4, 2001 c 316 s 1, 1994 c 126 s 2, & 1993 c 512 s 35; and

1 (2) RCW 43.131.382 (Linked deposit program--Repeal) and 2002 c 305
2 s 5, 2001 c 316 s 2, 1994 c 126 s 3, & 1993 c 512 s 36.

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